

Service Date: September 2, 2004

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

* * * * *

IN THE MATTER OF An Investigation)	
of NorthWestern Energy's Financial and)	UTILITY DIVISION
Related Transactions with NorthWestern)	
Corporation, its Affiliates and Creditors)	DOCKET NO. D2003.8.109
That May Impair Its Financial Solvency)	ORDER NO. 6505e
and Public Utility Service Obligations)	

CONSENT ORDER

Background

1. On August 13, 2003, the Montana Consumer Counsel ("Consumer Counsel") petitioned the Montana Public Service Commission ("Commission") to open a certain financial investigation into NorthWestern Energy ("NWE"), a division of North Western Corporation ("NorthWestern"). Consumer Counsel's petition requested that the Commission, among other things; (a) investigate the finances, corporate structure, capital structure, cash management practices, and inter-affiliate and third-party financial transactions of NorthWestern; and (b) develop and enforce appropriate regulatory controls on the foregoing (and other matters) as necessary to ensure that various inter-affiliate relationships, transfers, and transactions between NorthWestern and the electric and natural gas utility operations lodged in its NorthWestern Energy division are not operating, and do not operate in the future, to prejudice the ability of NWE to furnish reasonably adequate service and facilities at reasonable and just charges, as required by § 69-3-201, MCA.

2. Consumer Counsel's petition also requested that the Commission consider the adoption of regulatory requirements, controls and measures to protect the public interest in reliable, safe and adequate utility service at just and reasonable rates, including:

a. the reversal of such inter-company and inter-affiliate transactions

involving NWE or assets of NWE as the Commission may find to have operated, or to be operating, to the detriment of NWE's ability to provide safe, reliable and adequate utility service at just and reasonable rates;

- b. the incorporation of NWE as a separate, utility-only subsidiary of NorthWestern, in order to facilitate the Commission's oversight of NWE's operations and the prevention of future dissipation of assets dedicated to the public convenience and necessity;
- c. the adoption of specific cost allocation processes, procedures and manuals for use by NWE;
- d. the adoption of reporting requirements applicable to NWE's operations;
- e. the adoption of principles governing current and future financing involving assets of NWE, including the following principles at a minimum:

- (1) authorization to issue debt that is secured (i.e., backed) by utility assets must use the proceeds of the debt for utility purposes only;
- (2) if any utility assets that are pledged or encumbered to secure debt issuances are divested or "spun off," the debt must "follow" the assets and be divested or "spun off" as well;
- (3) if utility assets financed by unsecured debt are divested or "spun off" to another entity, then a proportionate share of the debt also must be divested or "spun off"; and
- (4) If assets financed with unsecured debt are divested or "spun off," the associated unsecured debt must follow those assets. Specifically, if any of the proceeds from unsecured debt are used for non-utility purposes, the debt likewise must "follow" the non-utility assets and if the non-utility assets are divested or "spun off" then a proportionate share of the debt must follow the associated non-utility assets by being divested or "spun off" as well. The term "divested" in this context includes moving assets to both affiliated and non-affiliated corporations; and

f. Such other and further measures as the Commission may find to be necessary, appropriate, and within its statutory authority in order to ensure the current and future provision of safe, adequate and reliable service by NWE at rates that are reasonable and just.

3. On August 22, 2003, the Commission issued Order No. 6505 ("Initial Order") initiating this proceeding in Docket D2003.8.109 (the "Financial Investigation").

4. On or about September 5, 2003, NWE, along with NorthWestern, responded to the Initial Order in the Financial Investigation by providing some narrative answers and some supporting documents to the information reporting requirements set forth in Attachment 1 to Order No. 6505.

5. On September 14, 2003, NorthWestern filed its petition for relief under Chapter 11 of the United States Bankruptcy Code (11 U.S.C. § 101 *et seq.*, 1101-1166) in the United States Bankruptcy Court for the District of Delaware styled as *In re NorthWestern Corporation*, Chapter 11 Case No. 03-12872 (CGC). The bankruptcy filing, a disagreement among NorthWestern, Consumer Counsel and the Commission over the legal effect of the bankruptcy filing on this docket, and the unusually expedited procedural schedule established by Order No. 6505, caused a *de facto* suspension of the Financial Investigation after September 14, 2003. In addition, the Commission informally determined to alter its initial schedule for the Financial Investigation to accommodate the workload on NorthWestern's staff in administering the initial stages of NorthWestern's bankruptcy proceeding.

6. On December 30, 2003, the Commission issued its Supplemental Order Initiating Investigation No. 6505b (the "Supplemental Order") which modified the scope of the Financial Investigation docket and the information production requirements set forth in Attachment 1 thereto, in light of NorthWestern's bankruptcy proceeding.

7. On or about January 6, 2004, the Commission issued Order No. 6505c, which established a procedural schedule and procedural requirements for the Financial Investigation (the "Procedural Order"). On or about January 15, 2004, NorthWestern provided information to the Commission with copies to the Consumer Counsel in response to the information sought in the Supplemental Order.

8. On March 3, 2004, Consumer Counsel submitted the pre-filed direct testimony of Dr. John W. Wilson. On April 23, 2004, NorthWestern submitted the pre-filed answering test in of Brian Bird, George Boyles, Patrick Corcoran, and Michael Hanson. Under the procedural schedule established by Order No. 6505c, this proceeding was scheduled to commence hearings on June 16, 2004, and the parties have been engaged in discovery (including the litigation of a discovery dispute) in preparation for that hearing.

9. At all times following the initiation of its Chapter 11 proceeding, NorthWestern asserted the position that the Financial Investigation was stayed by operation of the automatic

stay pursuant to Section 362 of the Bankruptcy Code. Whenever NorthWestern provided information in response to the Procedural Order or otherwise made filings in the Financial Investigation, it all times reserved and preserved the right to argue that the Financial Investigation was stayed by NorthWestern's bankruptcy filing. At all times in response, the Commission and the Consumer Counsel contested and disagreed with NorthWestern's assertions, and have taken the position that the Financial Investigation was not stayed as a result of NorthWestern's bankruptcy proceeding.

10. Beginning in about January 2004 the Consumer Counsel and representatives of the Commission began an informal dialogue with NorthWestern's representatives in an effort to determine whether a consensual resolution of this proceeding, the Consumer Counsel's and the Commission's issues with respect to NorthWestern's bankruptcy proceeding could be developed. That dialogue has led to the Stipulation and Settlement Agreement dated July 8, 2004, (a true and correct copy attached hereto as Exhibit 1) ("Stipulation and Settlement Agreement") by and among the Commission, the Consumer Counsel and NorthWestern, with the approval of the Commission, and to resolution of this Financial Investigation docket by entry of this Consent Order, without the need for findings of fact or an administrative record.

11. Capitalized terms used herein and not otherwise defined shall be as defined in the Settlement Agreement.

CONCLUSIONS OF LAW

1. NorthWestern Corporation is a public utility subject to the Commission's jurisdiction. § 69-3-101, MCA.

2. Public utilities must provide adequate service at just and reasonable charges. § 69-3-201, MCA.

3. The Commission must ensure that public utilities are meeting their public service obligations, and in so doing, the Commission has full power of supervision, regulation and control of such public utilities, and the power to do all things necessary and convenient in the exercise of these powers as provided by applicable Montana law. §§ 69-1-102, 69-3-102, 103, 106, and 110, MCA.

4. The stipulation and agreement of Consumer Counsel and NorthWestern to the resolution of this proceeding by entry of this Consent Order is acceptable to, and approved by, the Commission as consistent with and in furtherance of the public interest. The Commission's

entry of this Consent Order resolves all issues that were raised, or that could have been raised, in the Financial Investigation.

ORDER

A. Approval of Stipulation and Settlement Agreement

1. It is hereby Ordered that the Stipulation and Settlement Agreement is approved and accepted by the Commission and incorporated in this Order by reference and made a part hereof, and shall be binding upon the Parties thereto (including the Commission) with respect to all matters referenced in the Stipulation and Settlement Agreement. Capitalized terms used herein and not otherwise defined shall be as defined in the Stipulation and Settlement Agreement.

2. The terms, conditions and the provisions of the Stipulation and Settlement Agreement relating to these proceedings in D2003.8. 109 are hereby approved as follows:

B. Rate Review

1. No later than September 30, 2006, based on a 2005 test year, NorthWestern shall file complete documents complying with the minimum electric and gas rate case filing standards provided in ARM 38.5.106 through 38.5.195, including any additional documentation required for interim electric and gas rate adjustments as provided in ARM 38.5.501 through 38.5.507, whether or not an interim adjustment is or has been sought. Following such filing, NorthWestern shall respond to all reasonable discovery and data requests: (i) in accordance with the requirements of ARM 38.2.3301 through 38.2.3305 and the Montana Rules of Civil Procedure as thereby made applicable; and (ii) in accordance with any procedural schedule established by the Commission in connection with such filing.

2. Notwithstanding any practice or provision to the contrary in the Commission's Rules, the burdens of proof and persuasion in the rate proceeding initiated by NorthWestern's filing set forth in the immediately preceding paragraph 1 shall be borne by any party that is seeking to change rates from those approved by the then currently effective Commission order.

3. The Commission will not initiate on its motion, or entertain a petition by Consumer Counsel to initiate, any proceeding to review NorthWestern's transmission and distribution tariffed rates and charges at any time prior to September 30, 2006.

C. Structural and Financial Separation of Public Utility Assets Facilities, and Operations from Risks of Non-Utility Ventures

From and after the date of entry of this Consent Order, NorthWestern will be subject to the following regulatory controls to separate and insulate the Public Utility's assets, facilities, and operations from risks that may be associated with non-utility ventures in which NorthWestern is or may become engaged from time to time. These controls are commonly known as, and are referenced in the Parties' Agreement in Principle as, "ring fencing" measures – consisting of structural measures, financial measures, and affiliate and inter-corporate measures:

1. Structural Measures

a. NorthWestern shall structure and maintain the ownership and control of its Public Utility assets, facilities, and operations in the ultimate parent corporation (the "Parent Company") of whatever corporate structure NorthWestern may adopt, now or hereafter, without the intervention of any direct or indirect ownership or control of such Public Utility assets, facilities, or operations by any subsidiary or affiliate.

b. NorthWestern shall provide written notice to the Commission and the Consumer Counsel at least forty-five (45) days in advance of the earlier of an irrevocable commitment or an undertaking on the part of NorthWestern to transfer, merge, sell, lease, encumber, or otherwise enter into any disposition transaction involving its Montana Public Utility assets or facilities having either a net book value or transaction value (whichever is greater), as reflected in NorthWestern's records in accordance with the Uniform System of Accounts (18 C.F.R. Part 101), of not less than five million dollars(\$5,000,000.00) per transaction. The provision of such notice in accordance with this Consent Order shall not be deemed or construed to constitute an admission or acknowledgement by NorthWestern that the Commission has jurisdiction over any such disposition under Montana law, and NorthWestern reserves the right to contend to the contrary in any forum or proceeding in which such issue may arise.

2. Financial Measures

After the date of entry of this Consent Order, NorthWestern shall be subject to the following restrictions and requirements:

a. NorthWestern shall at all times hold all owned operated Public Utility assets at the Parent Company, separate and segregated from the ownership, risks and operations of any subsidiaries and any affiliates that have or hold assets other than Public Utility assets. In addition, finances of any public utility owned or operated by NorthWestern shall at all times be held separate and segregated from the ownership, risks and operations of any subsidiaries and any affiliates that have or hold assets other than Public Utility assets.

b. Debt at the Parent Company will consist only of public utility debt, whether secured or unsecured, and the proceeds of all such debt will be used solely to fund activities of the Parent Company's public utility business. This principle shall control in the event of any conflict between this paragraph and any other provision of this Consent Order.

c. If Public Utility assets that are pledged or encumbered to secure debt are divested or "spun off," the debt must follow the assets and be divested or "spun off" to the same extent as the assets.

d. If Public Utility assets financed by unsecured debt are divested or "spun off," then a proportionate share (to the same extent as the assets) of the debt also must be divested or "spun off."

e. If any of the proceeds from unsecured debt are used for purposes other than Public Utility purposes, the debt likewise must follow the assets other than Public Utility assets and if such assets are divested or "spun off" then a proportionate share (to the same extent as the assets) of the debt must be divested or "spun off."

f. Other than as allowed by the Limited Investment Basket Caps described below in subparagraphs C.3.b through d below, the Parent Company will not extend credit to any of its subsidiaries or affiliates, will not pledge Public Utility assets as collateral for the use or benefit of any of its subsidiaries or affiliates and will not guarantee any debt of any of its subsidiaries or affiliates.

g. All debt associated with assets other than public utility assets or activities will be held at or by the subsidiaries or affiliates and will be non-recourse to the Parent Company.

h. The Parent Company will take all measures necessary to ensure that it will have its own independent corporate credit rating.

3. Affiliate and Inter-Corporate Transactions

a. NorthWestern shall not provide loans, guarantees, advances, equity investments, or working capital to its subsidiaries or affiliates, except in accordance with the Limited Investment Basket described in subparagraph C.3.b below. Provided that the ratio of NorthWestern's consolidated total book equity as a ratio to its consolidated total capitalization is at no time less than forty (40%) percent, NorthWestern will be permitted to provide loans, guarantees, advances, equity investments, and working capital to its subsidiaries and affiliates in an aggregate amount (the Limited Investment Basket Caps) defined in subparagraph C.3.b below. For the purposes of this forty (40%) percent calculation, the NorthWestern's consolidated book equity and consolidated total capitalization shall be as reported by NorthWestern in its quarterly and year-end financial statements filed with the Securities and Exchange Commission in SEC Forms 10-Q and 10-K, respectively. Such ratio shall be measured on a quarterly basis beginning with the first fiscal quarter ending after the Effective Date. As used herein "total capitalization" shall include NorthWestern's secured and unsecured debt, plus capital leases, plus consolidated book equity as presented in NorthWestern's published financial statements. The equity ratio calculation described above shall not have any precedential basis for determining the equity component of NorthWestern's capital structure for utility rate making purposes.

b. NorthWestern may, pursuant to this Consent Order, provide loans, guarantees, advances, equity investments, and working capital to its subsidiaries and affiliates only in amounts not to exceed the aggregate amounts set forth below, in accordance with the threshold credit ratings also set forth and in accordance with the Limited Investment Basket Caps. The Limited Investment Basket Cap amounts are inclusive of, and not in addition to, those amounts NorthWestern is committed to provide as of the date of this Agreement: (1) in accordance with the Colstrip 4 leases and operating agreements; (2) as inter-company support for Clark Fork and Blackfoot, LLC, in connection with the Milltown Dam and the corresponding Environmental Liabilities Support Agreement and Operating Support Agreement; (3) as reasonably required to preserve the present assets of Montana Megawatts I, LLC; and (4) for the unregulated South Dakota and Nebraska gas purchasing operations provided, however, that if any of the aforementioned obligations (1) through (4) are eliminated or reduced, or if any of the aforementioned assets are sold or otherwise disposed of, the Limited Investment Basket Cap will be automatically reduced by an amount representing fifty percent (50%) of the average maximum balance outstanding during each of the preceding twelve(12) months, as the case may

be, by NorthWestern with respect to the aforementioned obligations (1) through (4) which are eliminated or reduced; provided, however, that the Limited Investment Basket Caps shall not be reduced to less than forty-five million dollars (\$45,000,000) at all times. The aggregate amounts of the Limited Investment Basket Caps are defined as the following limits and the related corporate credit rating levels:

<u>Criterion</u>	<u>Limited Investment Basket Cap</u>
● Upon the Effective Date:	\$60 million
● During any such time that NorthWestern has credit ratings of at least BBB- (Standard & Poor's) and at least Baa3 (Moody's Investors Service):	\$75 million
● During any such time that NorthWestern has credit ratings of at least BBB (Standard & Poor's) and at least B (Moody's Investors Service):	\$90 million
● Upon attainment of credit ratings of at least BBB+ (Standard & Poor's) and at least Baal (Moody's Investors Service), but in no event sooner than forty-two (42) months after the Effective Date:	No limit

c. If NorthWestern's corporate credit rating is downgraded by either Standard and Poor's or Moody's Investors Service such that NorthWestern no longer meets the criterion for the Limited Investment Basket Cap that was in effect immediately prior to the downgrade, as set forth in subparagraph C.3.b above (the "Pre-Downgrade Limited Investment Basket Cap"), then, notwithstanding anything to the contrary in this Consent Order, the Limited Investment Basket Cap on the date of such downgrade automatically shall decrease to the Limited Investment Basket Cap that applies to NorthWestern's credit ratings after such downgrade, as set forth in subparagraph C.3.b above (the "Post-Downgrade Limited Investment Basket Cap"), and NorthWestern shall proceed as expeditiously as possible to reduce the

aggregate amount of any and all loans, guarantees, advances, equity investments, and working capital to its subsidiaries and affiliates to an amount no greater than the applicable Post-Downgrade Limited Investment Basket Cap. If the aggregate amount of any and all loans, guarantees, advances, equity investments, and working capital extended to its subsidiaries and affiliates exceeds the applicable Post-Downgrade Limited Investment Basket Cap on the date ninety (90) days subsequent to the effective date of the downgrade, NorthWestern shall implement whatever course(s) of action the Commission deems necessary and, after Notice and a Hearing orders, to decrease the aggregate amount of any and all loans, guarantees, advances, equity investments, and working capital to NorthWestern's subsidiaries and affiliates to an amount no greater than the Post-Downgrade Limited Investment Basket Cap. Any such order shall be effective twenty (20) days after filing pursuant to 69-3-401, MCA, subject to NorthWestern's right to petition the appropriate Montana state court pursuant to 69-3-403, MCA, for injunctive relief pending any judicial review.

d. In the event that the ratio of NorthWestern's consolidated book equity to its consolidated capitalization at any time falls below forty percent (40%), then, notwithstanding anything to the contrary in the Consent Order, the Limited Investment Basket Cap on that date automatically shall decrease to sixty million dollars (\$60,000,000) (or such reduced amount as is appropriate based on the elimination, reduction, or disposition of assets described in subparagraph C.3.c, above) and NorthWestern shall proceed as expeditiously as possible to reduce the aggregate amount of any and all loans, guarantees, advances, equity investments, and working capital to its subsidiaries and affiliates to an amount no greater than sixty million dollars (\$60,000,000) (or such reduced amount as is appropriate based on the elimination, reduction, or disposition of assets described in paragraph C.3.c above). If the aggregate amount of any and all loans, guarantees, advances, equity investments, and working capital extended to its subsidiaries and affiliates exceeds sixty million dollars (\$60,000,000) (or such reduced amount as is appropriate based on the elimination, reduction, or disposition of assets described in paragraph C.3.c, above) on the date ninety (90) days subsequent to the date on which the ratio of NorthWestern's consolidated book equity to is consolidated capitalization assets falls below forty percent (40%), NorthWestern shall implement whatever course(s) of action the Commission deems necessary and, after Notice and a Hearing orders, to decrease the aggregate amount of any and all loans, guarantees, advances, equity investments, and working capital to

NorthWestern's subsidiaries and affiliates to an amount no greater than sixty million dollars (\$60,000,000) (or such reduced amount as is appropriate based on the elimination, reduction, or disposition of assets described in paragraph C.3.c, above). Any such order shall be effective twenty (20) days after filing pursuant to 69-3-401, MCA, subject to NorthWestern's right to petition the appropriate Montana state court pursuant to 69-3-403, MCA for injunctive relief pending any judicial review.

e. NorthWestern shall not enter into any contract with a subsidiary or an affiliate of NorthWestern where any part of the costs of such contract are, or are expected or requested by NorthWestern to be, recovered through utility rates paid by Montana ratepayers, unless:

- (1) NorthWestern first shall have made application to the Commission upon full disclosure of all material facts for authorization to enter into such contract; and
- (2) The Commission, after Notice and a Hearing, shall have authorized NorthWestern to enter into such contract.

f. NorthWestern shall maintain separate books and accounting records for each Public Utility operating within its corporate structure and for each direct or indirect subsidiary or affiliate of NorthWestern.

g. NorthWestern shall permit the Commission to audit the books and records of its Public Utility operations and, in addition, those of each direct or indirect subsidiary and affiliate, and NorthWestern shall provide the Commission and its staff full access to all such books and records upon reasonable notice.

h. NorthWestern shall provide, subject to SEC disclosure limitations (which, if invoked as grounds for non-reporting, shall be documented by reference to the applicable SEC rule or regulation and the basis for its application in the circumstances), quarterly reports of all transactions between the parent, and any subsidiary or affiliate.

i. NorthWestern shall maintain Montana Universal Service Benefit funds collected by it in a separate and segregated interest-bearing bank account dedicated exclusively to the handling of such funds, and it shall account for such funds as trust funds as provided for under Montana law.

D. Reporting and Disclosure Requirements

1. NorthWestern shall provide to the Commission staff a complete and detailed explanation of all accounting systems and practices in use by NorthWestern and its direct and indirect subsidiaries and affiliates, and it shall provide the Commission and Consumer Counsel with current copies of all accounting manuals and practices in use by NorthWestern and its direct and indirect subsidiaries and affiliates. To the extent that the accounting manuals and practices contain proprietary and commercially sensitive information that would qualify as a trade secret under Montana law, NorthWestern may apply to the Commission pursuant to § 69-3-105, MCA, for a protective order using the processes and criteria outlined in *Great Falls Tribune v. Montana Public Service Commission*, 319 Mont. 38, ¶¶ 55-57, 82 P.3d 876 (2003), or applicable Commission administrative rules.

2. NorthWestern acknowledges and reaffirms its obligation to respond to reasonable requests by the Commission, its staff, or the Consumer Counsel, pursuant to §§ 69-3-102, 69-3-106, and 69-2-203, MCA, and shall respond to all such requests in a timely and complete manner.

E. Transmission and Distribution Infrastructure Audit

1. NorthWestern has engaged voluntarily Liberty Consulting (“Auditor”) to audit and make recommendations concerning the state of NorthWestern’s utility transmission and distribution infrastructure within Montana (the “Infrastructure Audit”). NorthWestern shall:

a. Within three (3) business days of receipt, submit the Auditor’s final report or reports containing the results and recommendations of the Infrastructure Audit to the Commission;

b. Cause the Auditor to present the findings and recommendations of the Infrastructure Audit to the Commission at a public meeting within fifteen (15) days of receipt by NorthWestern of the final report with respect to the Infrastructure Audit; provided, however, that on or before August 1, 2004, NorthWestern shall submit a report (whether final or not) containing the results of the Infrastructure Audit to the Commission; and

c. Coordinate and cooperate with the Commission and the Consumer Counsel to implement appropriate recommendations of the Infrastructure Audit.

2. The Financial Investigation docket will remain open for the sole purpose of maintaining a procedural forum for the entry of any orders by the Commission for the implementation of appropriate Infrastructure Audit recommendations agreed upon by the Parties.

3. Notwithstanding paragraph E.1, above if the Parties cannot agree on the implementation of the Infrastructure Audit recommendations, then the Commission, either on its own motion or upon the petition of the Consumer Counsel, may commence a new proceeding to compel the implementation of any Infrastructure Audit recommendations not agreed to by the Parties. If any such motion or petition is filed, NorthWestern reserves all rights to oppose implementation of any recommendation of the Infrastructure Audit not agreed upon by the Parties.

F. Binding on Successors and Assigns

Upon the entry of this Consent Order and the Stipulation and Settlement Agreement becoming effective pursuant to paragraph 8 thereof, this Consent Order and the Stipulation and Settlement Agreement and each of their respective provisions will be binding upon the reorganized NorthWestern, its affiliates, parents, subsidiaries, officers, directors, shareholders, agents, representatives, attorneys, successors and, assigns, specifically including any purchaser or other transferee, directly or indirectly (whether by purchase, merger, consolidation or otherwise), of all or a material portion of the reorganized NorthWestern's Public Utility assets. Upon the entry of this Consent Order and the Stipulation and Settlement Agreement becoming effective pursuant to paragraph 8 thereof, this Consent Order and the Stipulation and Settlement Agreement will be binding upon the Commission, the Consumer Counsel, their successors, officers, directors, agents, representatives, and attorneys. This Consent Order and the Stipulation and Settlement Agreement, address discrete components on which future revenue requirements may be based, but it does not, and does not purport to, set rates with respect to the Debtor's Montana Public Utility assets.

G. Construction.

This Consent Order was drafted with the assistance and input of counsel for all Parties. This Consent Order shall not be construed in favor of or against any Party based on the identity or affiliation of its draftspersons.

H. Continuing Jurisdiction

The Commission shall have exclusive jurisdiction, on its own or on the application of the Parties pursuant to Title 69, Mont. Code Ann., to enforce the terms of this Consent Order and the Stipulation and Settlement Agreement. Nothing in this Consent Order or Stipulation and Settlement Agreement shall be construed in any way to expand, diminish or limit the

Commission's jurisdiction under state law. The Bankruptcy Court also shall have jurisdiction to enforce the terms of the Stipulation and Settlement Agreement; provided, however, the Commission and the Consumer Counsel do not consent, by entering into the Stipulation and Settlement Agreement and/or the entry of this Consent Order, to the jurisdiction of the Bankruptcy Court except to the extent necessary to obtain Bankruptcy Court approval of the Stipulation and Settlement Agreement and, if necessary, enforcement of the Stipulation and Settlement Agreement's terms.

I. Precedential Effect

This Consent Order does not establish any precedent that can be used by any Party to bind any other Party in any subsequent proceeding, or otherwise, except a proceeding or action arising out of or directly related to this Consent Order or the Stipulation and Settlement Agreement.

J. Relationship to Order No. 6474a

To the extent of any inconsistency between this Consent Order and that certain Order No. 6474a issued by the Commission on or about January 24, 2003, in Docket No. 2002.12.159 styled as *In the Matter of the Application of North Western Corporation for Authority to Consummate a Credit Agreement and Issue \$390 Million in Principle Amount of Secured Long-Term Notes in the Form of First Mortgage Bonds* the provisions of this Consent Order shall control.

K. Enforcement

In the event and to the extent necessary for its full implementation in accordance with its terms, this Consent Order shall be enforceable by the Commission in the same manner as any other order of the Commission, including as provided in § 69-3-110, MCA.

L. Modification

NorthWestern may at any time make application to the Commission for relief from, or for modification of, any provision of this Consent Order and the Stipulation and Settlement Agreement, and shall accompany such application with appropriate evidentiary and legal support for whatever relief or modification it may seek in such application. The Commission may dispose of any such application in the manner which appropriately effectuates the purposes and policies of 69-3-201, MCA and the purposes of this Consent Order.

M. Closing of Docket

Except for the limited purposes of (a) paragraph E.2 of this Consent Order and paragraph 4(d) of the Stipulation and Settlement Agreement, and (b) to enforce the terms of this Consent Order and the Stipulation and Settlement Agreement, upon the entry and effectiveness of this Consent Order this Docket No. D2003.8.109, generally referred to as the Financial Investigation Docket, shall be deemed, and hereby is, closed.

DONE IN OPEN SESSION at Helena, Montana, this 24th day of August, 2004, by a vote of 5–0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

BOB ROWE, Chairman

THOMAS J. SCHNEIDER, Vice Chairman

MATT BRAINARD, Commissioner

GREG JERGESON, Commissioner

JAY STOVALL, Commissioner

ATTEST:

Connie Jones
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See ARM 38.2.4806.